Getting Ready for Round 2

Congress recently authorized a second round of Empowerment Zones.

● Who will be eligible for designation in Round 2?

● What can rural communities do now to position themselves to be competitive for a Round 2 designation?

● How can communities ensure they benefit from Round 2 preparations even if they do not eventually secure a designation?

This note provides advice about actions communities can take now to prepare for the Round 2 competition when it is announced.

Background

On August 5, 1997, President Clinton signed the Taxpayer Relief Act of 1997, which establishes a second round of designations of Empowerment Zones (EZ). While the funding for Round 2 has not yet been appropriated and regulations and application procedures have not been issued, communities can take some actions now to position themselves for the coming second-round competition. These same actions can help communities enhance their development, even if they should fail to secure a Round 2 Empowerment Zone designation.

Who Will Be Eligible?

The legislation authorizing Round 2 establishes 20 new Empowerment Zones (5 rural, 15 urban). No additional Enterprise Communities (EC) are authorized. Indian reservations are eligible to apply. Current Enterprise Communities can apply to be upgraded to Empowerment Zone status. Champion Communities can apply, as can communities that did not apply for Round 1. Most designations would be based on poverty criteria similar to Round 1. One rural EZ may be designated based on the rate of "emigration" from local areas.

Five Tips for Successful Community Development

In Round 1, EZ/EC designations were based on the extent to which community strategic plans reflected empowerment principles and low-income citizens participated in the planning process. Champion Communities and other communities can prepare to apply for Round 2 by starting now to enhance their community development plans and processes.

Revitalize Your Comprehensive Strategic Plan

A strategic plan is the heart of a community's development process and its EZ application as well. All communities need plans that set out a road map for development. Plans should be comprehensive (include economic, social, civic, and other dimensions of the community) and long term (10 years). They should also show how actions taken in early years will serve as stair steps to further development in later years.

If you have a comprehensive, long-term plan but conditions have changed or you are not using your plan, update it. If you don't have a plan, create one. If you are not sure your plan is as good as it can be, ask for expert reviews. If you have a good plan and are using it, keep going!

Get Your Citizens Involved

Grassroots citizen participation is key to empowerment. The EZ initiative does more than create economic and social development; it helps citizens learn how to take charge of their own futures. To reach this goal, citizens must be involved actively in planning and

implementing the empowerment plan.

Involve citizens actively in committee work. Tap local citizens for key implementation roles. Inform the public regularly about progress in implementing the plan. Seek citizens' evaluation of progress and input about changes to the plan.

Create Realistic Budgets

Plans must be grounded in financial reality or they will be no more than pipe dreams. Make your plan more achievable by building a budget for implementation that is realistic.

Get cost estimates for proposed projects. Identify alternative, non-traditional ways to fund projects. Look for low-cost ways to achieve objectives, such as using "sweat equity." Look to local resources as well as outside funders. Go after hard commitments from participating organizations.

Build Benchmarks to Make Your Plan a Reality

Good project management demands that you be clear about your goals and know to what extent you have achieved them. Setting benchmarks is a good way to measure your progress and identify opportunities for improvement. Not only will benchmarks help your community be more efficient, but they can also help convince potential funders that your community will use their scarce dollars wisely.

Here are some tips for effective benchmarking:

● Build in some immediate "wins" and regular successes to keep community spirits high.

● Set realistic baselines and identify collectible data sources.

● Link benchmarks to your budget.

● Look at the benchmarks of EZ/EC communities for models. They are posted at:

http://www.ezec.gov/communit

Choose a Governance Structure That Works for You

Successful implementation of your community's plan will depend on a coalition of local organizations working in close partnership to pool your community's financial and other assets.

Decide what kind of organization will work best in your area. Choose one organization (perhaps a new one) as the "lead entity" to implement the plan. Build the capacity of this organization to carry out the plan. Make sure low-income citizens have opportunities to participate. If it is a new organization, it is often a good idea to secure non-profit 501(c)(3) status. Partner with existing regional organizations that can offer experience and skills.

For Assistance

● Contact the USDA Rural Development State Office in your state. Consult the phone book under U.S. Government. Addresses are also on the Internet at *http://www.rurdev.usda.gov*

For More Information

● *Rural Guidebook: Strategic Planning,* U.S. Department of Agriculture, Small Community and Rural Development (available from the Office of Community Development)

● *Applying for 501(c)(3) Tax-Free Status*, available from the Office of Community Development, U.S. Department of Agriculture, Rural Development

● The EZ/EC web site at *http://www.ezec.gov* has detailed information about Round 1. Round 2 information will be posted here as it becomes available.